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SOUTH CAROLINA STATE DEVELOPMENT BOARD

ANNUAL REPORT

1978-1979

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**Printed Under the Direction of the
State Budget and Control Board**

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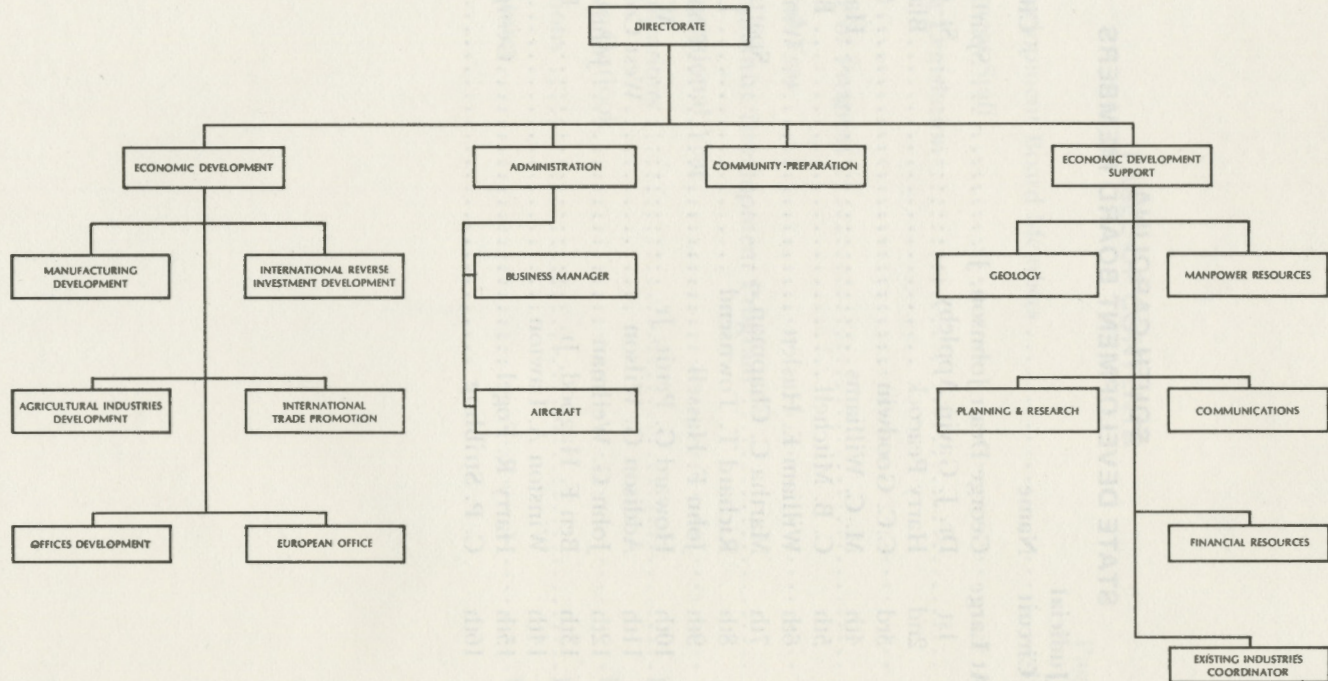
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SOUTH CAROLINA STATE DEVELOPMENT BOARD MEMBERS

Judicial Circuit	Name	City
At Large	George Dean Johnson, Jr.	Spartanburg
1st	Dr. J. Gavin Appleby	St. George
2nd	Harry Peacock	Blackville
3rd	C.C. Goodwin	Sumter
4th	M. C. Williams	Hartsville
5th	C. B. Mitchell	Bethune
6th	William E. Haslett	Winnsboro
7th	Martha C. Chapman	Spartanburg
8th	Richard T. Townsend	Laurens
9th	John F. Hassell	Charleston
10th	Howard G. Pettit, Jr.	Walhalla
11th	Addison G. Wilson	West Columbia
12th	John G. Wellman	Johnsonville
13th	Ben F. Hagood, Jr.	Pickens
14th	Winston A. Lawton	Estill
15th	Harry R. Fogel	Georgetown
16th	C. P. Stribling	Union

SOUTH CAROLINA STATE DEVELOPMENT BOARD ORGANIZATION CHART



MANAGEMENT STAFF OF THE SOUTH CAROLINA STATE DEVELOPMENT BOARD

Robert E. Leak	Director
F. Earl Ellis	Deputy Director
Robert E. Glover	Associate Director for Economic Development
Edward B. Burgess	Associate Director for Planning and Research
G. L. Daniel	Associate Director for Communications
N. K. Olson	State Geologist
P. M. Smurthwaite	Manager, Community Preparation
Caleb Whitaker	Manager, Reverse Investment, International Development
Robert Whitaker	Manager, Trade Promotion, International Development
Howard Folkman	Manager, Manpower Resources
Craig Cameron	Coordinator, Existing Industries

ENABLING LEGISLATION

The South Carolina State Development Board was created for the purpose of conducting an adequate Statewide planning program and Statewide program for the stimulation of economic activity to develop the potentialities of the State; to conserve, restore and develop the natural and physical, the human and social, the economic and productive resources of the State; to promote public interest in the development of the State, through cooperation with public agencies, private enterprises, and charitable and social institutions; to promote and encourage industrial development, private business and commercial enterprise, agricultural production, transportation, and the utilization and investment of capital within the State; to assist in the development of existing State and interstate trade, commerce and markets for South Carolina goods and in the removal of barriers to the industrial, commercial and agricultural development of the State; to assist in insuring stability in employment; to increase the opportunities for employment of the citizens of the State; to devise ways and means to raise the living standards of the people of the State; and to advance the general welfare of the people.

HISTORY

The South Carolina State Development Board was created originally in 1942 as the Preparedness for Peace Commission. In 1945 enabling legislation was amended and the agency's name changed to the Department of Research, Planning and Development. Under the 1945 Amendment, the State Development Board assumed the responsibilities of the State Board of Housing, the Building Council of South Carolina, the South Carolina Commerce Department Board, the South Carolina Intra-Coastal Waterway Commission, the State Commission of Port Development, the South Carolina Board for Promotion of External Trade, and the Natural Resources Commission.

Since the 1945 Amendment, some of the responsibilities of the State Development Board have been transferred to other agencies by executive order and legislative amendments. Under Act 682, 1954, the name of the agency was changed from Department of Research, Planning and Development to The State Development Board.

A DECADE OF PROGRESS

A primary objective of the State Development Board has been to broaden the economic base of South Carolina through the promotion of industrial development. A review of various economic indicators attests to the economic growth which has occurred in South Carolina and the importance that industrial development has contributed to this growth.

During the last ten fiscal years, 1969/70-1978/79, announcements of capital investment expenditures have totaled \$7.1 billion. Three years, including this fiscal year, have individually contributed over \$1.0 billion to this total. Both new and expanded industries have combined to provide this capital investment growth for South Carolina (Table 1).

All sectors of the manufacturing industry have contributed to this \$7.1 billion investment and have helped to diversify the industrial base of the state. Two industry sectors, however, were the predominant contributors. The Chemicals and Allied Industries announced \$2.8 billion in investments and the Metalworking Industries accounted for \$1.7 billion, for a total combined investment of \$4.5 billion, or 64% of the announced investment. Table 2 shows the capital investment provided by industry sectors during the past ten years.

Manufacturing plants contribute to the economic growth of the state through their invested capital and, in addition, through the income generated from the employment they provide. In the past ten years, 127,354 jobs were announced by the new and expanding plants for an annual average of nearly 13,000 jobs. Total manufacturing employment has grown from 327.2 thousand in 1968 to 390.2 thousand in 1978, an increase of 19.3%. This increase far surpasses the 2.8% rate experienced in the nation as a whole.

Wages provide the largest source of personal income for individuals and the wages paid by the additional jobs created through industrial development have helped to raise the income of South Carolinians. Average weekly earnings for production workers rose from \$92.06 in 1968 to \$190.13 in 1978. For the average worker this meant a wage increase of \$98.07 per week during these years, on a 106.5% rate of increase. This rate was above the U.S. average increase of 103.5% achieved when wages rose from \$122.51 to \$249.27. During these years the average South Carolinian's wage rose from 75.1% to 76.3% of the U.S. average.

During this past decade more South Carolinians were working and earning more money than ever before. These factors contributed to the increase in per capita income which rose from \$2,526 in 1968 to \$6,242 in 1978. This translated to an average increase of \$3,716 per South Carolinian. The rate of increase experienced in South Carolina, 147.1%, far surpassed the 125.9% rate recorded for the nation when income rose from \$3,457 to \$7,810. The increase which occurred during these years enabled the per capita income of South Carolinians to rise from 73.1% to 79.9% of the U.S. average.

Another indicator which shows economic growth is value added by manufacture. This indicator is considered one of the best measures of industrial growth. In South Carolina, value added by manufacture increased 136.4% during the census years 1967-1976 while the U.S. overall increase was 95.2%.

The income provided by the manufacturing sector further attests to the importance of industry in South Carolina. In 1977 the manufacturing sector provided over 34%, or more than \$4 billion, to the personal income of the state. Table 3 shows the contribution of the various industry sectors.

THE FISCAL YEAR

Fiscal year 1978-79 progressed under the shadow of an impending recession, or at a minimum, a slowdown in the economy. The economic indicators continued to remain relatively positive during the latter half of 1978 and into the early months of 1979. It was not until the remaining months of this fiscal year that signs of a moderating economy appeared.

As a result of these favorable factors, this fiscal year will be recorded as one of the more successful in terms of announced capital investments. New and expanding industries indicated intentions of investing over \$1 billion and provided South Carolina with the third best fiscal year. The 478 plants participating in the announcements indicated an increase of 17,624 additional jobs—a new record for jobs created in a fiscal year. (Table 1)

The Metalworking Industries were the largest contributors to total investment and jobs accounting for 29% of the investment and 45% of the new jobs created. These metalworking plants were expected to provide more than \$295 million in investments and create over 8,000 additional jobs. The Miscellaneous category, due primarily to the Rubber and Plastics Industries, announced more than \$281 million

in capital investment for 27.5% of total investment and 15.1% of all created employment. Table 4 shows the contribution of each industry segment.

COMMUNITY DEVELOPMENT PROGRAM

The Community Development Program is completing its third year of operation, helping towns with a population of under 15,000 prepare their communities to attract industrial prospects. The GREAT (Governor's Rural Economic Achievement Trophy) TOWN Program continues to be enthusiastically received by the leadership of small towns throughout the state.

During fiscal year 1978-79, the Reaffirmation process was begun in those communities that had been designated a GREAT TOWN, with a thorough review being carried out subsequent to their anniversary date. By this process, the GREAT TOWNS are able to continue to upgrade their industrial resources, selling tools, information files and Sales Teams so they will be ever-ready to receive and deal with industrial prospects.

In order to increase the industrial prospect activity in the GREAT TOWNS, the program was marketed to the major site location consulting firms in Chicago and New York. These organizations expressed a strong interest in working with the GREAT TOWNS and each consultant group received summary information on those communities.

At the end of fiscal year 1978-79, there were 29 towns which had been declared GREAT TOWNS and had received a trophy from the Governor. In addition to these 29 towns, 34 communities are in various phases of work toward their goal. Since the inception of the GREAT TOWN Program, industrial prospect activity in these communities has been recorded and figures indicate that the over-all objective of this program has been fulfilled. By the end of fiscal 1978-79, investments in new and expanded plants in the GREAT TOWNS have totaled 60,835,000. These investments have resulted in 1,420 new jobs and include 17 new plant announcements.

THE INTERNATIONAL YEAR

Capital investment by manufacturers with foreign affiliation continued to provide a significant contribution to the industrial growth of South Carolina. During 1978 foreign investors accounted

for 24% of total capital investment, or \$208 million. Investments in this year provided South Carolina with the fourth highest year on record. (Table 5)

This investment was provided by firms from eight countries. The largest share was announced by manufacturers from Switzerland who invested over \$90 million, or 43% of the total. Manufacturers from Germany, Japan and Canada were also significant investors during this year, each contributing over 10% of the total. Investments from these four countries accounted for 81% of the year's total. (Table 6)

Over the years of record, German investors have been the largest contributors, accounting for nearly \$800 million or 34% of the total recorded foreign manufacturing investments for South Carolina. Great Britain and France have contributed \$459 million (19.8%) and \$424 million (18.3%), respectively.

The majority of these investments have been made in the Chemicals and Allied Industries. Over 51%, or \$1.2 billion, has been invested by manufacturers in these industries. Table 7 shows the industry composition of foreign manufacturing investments.

COMMUNICATIONS

The industrial development effort was aided by the extensive advertising program of the Communications Division. The promotion of South Carolina through both national and international publications resulted in more than 10,236 inquiries. Of this number, 9,348 were considered potential prospects.

The public relations activities of this division provided industry and the media with assistance in plant announcements, news releases, photographs and general data. The Board's quarterly newsletter published by the Communications Division reports on activities of the Board and South Carolina manufacturing plants. This newsletter is distributed to industries and other interested persons.

ECONOMIC OUTLOOK

Fiscal year 1978-79 was a significant one for South Carolina. The industrial sector continued to help boost the economy by adding over \$1 billion of investments. The new jobs created will have a

compound effect on the state's income through the wages paid to the workers.

The long anticipated recession is now considered to be in progress and the consensus among economists is that it will affect the economy in the last half of 1979 and the early months of 1980. The expectations are for a mild downturn and a relatively early recovery.

The industrial growth which South Carolina has experienced during the past years has broadened the economic base and added to the state's ability to better withstand economic downturns. If the national recession is as short and as mild as many experts believe, South Carolina economists feel that the state may be able to avoid severe economic difficulties.

The labor force in South Carolina is expected to increase approximately 2.5% during the next fiscal year and at a somewhat slower rate the following year. The manufacturing sector now accounts for 34% of all nonagricultural employment and it will be necessary for investments by new and expanding industries to continue to supply a significant number of new jobs to meet the demands of the expanding market. In general, industrial expansion is expected to maintain the momentum gained in the past few years, provided the effects of economic conditions remain relatively mild.

A long range projection by Alan Greenspan, former chairman of the Council of Economic Advisors, covering the decade of the 1980's, indicates that businessmen will return to their normal level of capital investment but, due to a caution exhibited during these past years, they will have an enormous backlog of outdated machinery and technology. To recover from the results of this hesitancy, the optimistic forecast for the 1980's projects a major capital investment boom. The South Carolina economy, showing a strong correlation to movements of the U.S. economy, will move into the '80's anticipating strong industrial growth.

TABLE 1
CAPITAL INVESTMENT
BY FISCAL YEAR

Year	Investment (\$000)	Employment
1969-70	559,887	13,865
1970-71	447,508	13,063
1971-72	295,998	9,342
1972-73	875,210	15,957
1973-74	1,166,935	14,094
1974-75	352,732	7,953
1975-76	510,004	7,309
1976-77	1,119,394	12,636
1977-78	735,463	15,511
1978-79	1,021,251	17,624
TOTALS	7,084,382	127,354

SOURCE: Planning and Research Division, S.C. State Development Board.

TABLE 2
CAPITAL INVESTMENT BY INDUSTRY
1969-70—1978-79

Industry	Capital Investment (\$000)	% of Total
Food & Kindred Products	186,913	2.6
Textiles	820,885	11.6
Apparel	67,162	0.9
Lumber & Wood Products	138,083	1.9
Paper, Printing & Allied	321,070	4.5
Chemicals & Allied	2,822,179	39.8
Metalworking	1,725,306	24.4
Remaining*	1,002,784	14.2
TOTAL	7,084,382	100.0

*Includes Tobacco; Petroleum; Rubber and Plastics; Leather; Stone, Clay and Glass; and Miscellaneous.

SOURCE: Planning and Research Division, S.C. State Development Board.

TABLE 3
INDUSTRIAL SOURCES OF
CIVILIAN INCOME
1977

Industry	Income (Millions of Dollars)	Percent of Total
Farms	\$ 195	1.5
Mining	22	0.2
Contract Construction	840	6.7
Manufacturing	4,323	34.2
Wholesale & Retail Trade	1,828	14.5
Finance, Insurance & Real Estate	515	4.1
Transportation, Communications, and Public Utilities	723	5.7
Services	1,518	12.0
Government	2,614	20.7
Other	46	0.4
TOTAL	\$12,624	100.0

SOURCE: Survey of Current Business, August 1978.

TABLE 4
ANNOUNCED CAPITAL INVESTMENT
BY MANUFACTURING INDUSTRIES
FISCAL YEAR 1978-79

Industry	No. of Plants	% of Total	Emp.	% of Total	Capital Investment (\$'000)	% of Total
Food & Kindred Products	22	4.6	899	5.1	41,516	4.1
Textiles	52	10.9	1,643	9.3	115,074	11.3
Apparel	33	6.9	1,577	8.9	11,822	1.2
Lumber & Wood Products	35	7.3	579	3.3	40,387	4.0
Paper, Printing & Allied	30	6.3	762	4.3	79,419	7.8
Chemicals & Allied	41	8.6	1,497	8.5	156,755	15.3
Metalworking	192	40.2	8,006	45.4	295,270	28.9
Remaining*	73	15.3	2,661	15.1	281,008	27.5
TOTALS	478		17,624		1,021,251	

*Includes Tobacco; Petroleum; Rubber and Plastics; Leather; Stone, Clay and Glass; and Miscellaneous.

SOURCE: Planning and Research Division, S. C. State Development Board.

TABLE 5

**VALUE OF FOREIGN INVESTMENTS AS A PERCENTAGE OF
TOTAL INDUSTRIAL INVESTMENTS IN SOUTH CAROLINA**

1960-1978

(\$000)

Year	Foreign Investments	Total Industrial Investments	Foreign Investments Percent of Total
1960	\$ 32,083	\$ 209,759	15.3
1961	500	217,677	0.2
1962	485	210,795	0.2
1963	40,182	264,208	15.2
1964	29,506	281,214	10.5
1965	79,250	600,006	13.2
1966	152,800	509,012	30.0
1967	17,750	305,797	5.8
1968	184,500	635,617	29.0
1969	48,400	706,289	6.9
1970	72,300	319,456	22.6
1971	4,635	473,391	1.0
1972	61,900	502,563	12.3
1973	340,660	1,229,690	27.7
1974	313,053	666,055	46.9
1975	58,800	511,445	11.5
1976	186,005	487,685	38.1
1977	408,162	1,235,171	33.0
1978	208,205	857,233	24.3

SOURCE: Planning and Research Division, S.C. State Development Board

TABLE 6
FOREIGN INVESTMENT BY MANUFACTURING PLANTS
BY COUNTRY
(\$000)

Country	1978	% of Total	Grand Total	% of Total
Austria	—	—	500	*
Belgium	8,750	4.2	12,250	0.5
Canada	21,450	10.3	52,824	2.3
France	10,800	5.2	423,692	18.3
Germany	30,110	14.5	793,765	34.2
Great Britain	12,214	5.9	459,049	19.8
Japan	27,500	13.2	256,700	11.1
Netherlands	7,375	3.5	174,625	7.5
South Africa	—	—	6,000	0.3
Switzerland	90,006	43.2	139,331	6.0
TOTALS	208,205		2,318,736	

*Less than 0.1%.

SOURCE: Planning and Research Division, S.C. State Development Board.

TABLE 7
VALUE OF FOREIGN MANUFACTURING INVESTMENT
BY INDUSTRY
(\$000)

Industry	Investment	% of Total
Textiles	90,435	3.9
Paper and Printing	180,622	7.8
Chemicals and Allied	1,184,893	51.1
Metalworking	379,036	16.3
Others*	483,750	20.9
TOTAL	2,318,736	100.0

*Includes Rubber and Plastics and Miscellaneous Manufacturing Industries.

SOURCE: Planning and Research Division, S.C. State Development Board

PUBLICATIONS OF THE SOUTH CAROLINA STATE DEVELOPMENT BOARD

1980 South Carolina Industrial Directory (\$20)
 South Carolina: Profile for Profit (published in English, French and German)
 South Carolina Metalworking Directory 1979
 Taxes in South Carolina
 Expedite
 Industrial Financing in South Carolina
 Growing Opportunities in South Carolina
 Supportive Services—State of South Carolina
 Regulations and Pertinent Forms for New Industry
 South Carolina State Development Board News (quarterly newsletter)
 South Carolina State Development Board Annual Report
 The goose is alive. (describes the GREAT Town Program)
 South Carolina—300 years of commitment to profit...and to people.
 South Carolina Community Data Sheets
 South Carolina Industrial Building Flyers

STATE DEVELOPMENT BOARD BUDGET 1978-1979

Administration	\$ 172,243
Economic Development and Support	2,563,580
Division of Geology	<u>300,503</u>
TOTAL EXPENDITURES	\$3,036,326